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**NINETEENTH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND**

BATON ROUGE, LOUISIANA

JUNE 30, 2005

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 2-8-2006

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INDEPENDENT AUDITOR'S REPORT

Honorable Judges of the
Nineteenth Judicial District Court

We have audited the accompanying financial statements of the governmental activities, major fund, and the aggregate remaining fund information of the Nineteenth Judicial District Court - Judicial Expense Fund, a component unit of the City of Baton Rouge, Parish of East Baton Rouge, Louisiana, as of and for the year ended June 30, 2005, which collectively comprise the Judicial Expense Fund's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Judicial Expense Fund's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, major fund, and the aggregate remaining fund information of the Nineteenth Judicial District Court - Judicial Expense Fund as of June 30, 2005, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2005 on our consideration of the Nineteenth Judicial District Court - Judicial Expense Fund's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis and the budgetary comparison information on pages 1 – 7 and 29 – 34, respectively, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

L.A. Champagne & Co. LLP

October 31, 2005

REQUIRED SUPPLEMENTARY INFORMATION



NINETEENTH JUDICIAL DISTRICT

**EAST BATON ROUGE PARISH
BATON ROUGE, LOUISIANA**

**JO BRUCE
JUDICIAL ADMINISTRATOR**

**TELEPHONE: (225) 389-4744
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MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Nineteenth Judicial District Court – Judicial Expense Fund (the JEF) provides an overview of the JEF's activities for the year ended June 30, 2005. Please read it in conjunction with the JEF's financial statements that begin on page 8.

FINANCIAL HIGHLIGHTS

- The JEF's total net assets increased by approximately \$60,000 or 58 percent.
- During the year, the JEF expenses of \$2.9 million were \$60,000 less than revenues generated for governmental programs. Last year expenses exceeded revenues by \$268,000.
- Total cost of all the JEF's programs decreased by \$233,000, while total revenues increased by \$95,000.
- The general fund reported a surplus this year of approximately \$7,000. This is a major improvement over last year's deficit of \$278,000.
- The resources available for appropriation were \$38,000 more than amounts originally budgeted for the general fund. Expenditures were \$409,000 less than the original budget. The original budget was amended to recognize the drug court treatment program grants and adjust operating expenditures, for example, other contractual services. Personal services were less than original budget because the Court received over \$200,000 in additional funding from the City Parish to cover a shortfall in 2005. In addition, the Court collected \$186,000 in criminal juror fees that are returned to the City Parish for disbursement and are not considered expenditures of the Judicial Expense Fund.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 9-10) provide information about the activities of the JEF as a whole and present a longer-term view of the JEF's finances. Fund financial statements (on pages 11 – 15) tell how governmental activities were financed in the short term as well as what remains for future spending. Fund financial statements also report the JEF's operations in more detail than the government-wide statements by providing information about both of the JEF governmental funds.

Reporting the JEF as a Whole

Our analysis of the JEF as a whole begins on page 9. One of the most important questions asked about the JEF's finances is, "Is the JEF as a whole better or worse as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the JEF as a whole, and about its activities, in a way that helps answer this question. These statements include *all* assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the JEF's net assets and changes in them. You can think of the JEF's net assets—the difference between assets and liabilities—as one way to measure the JEF's financial health, or financial position. Over time, increases or decreases in the JEF's net assets are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as number of cases handled by District Court as well as the number of judgeships approved by the State Legislature and the State's economic condition to better assess the overall health of the JEF.

Currently, the JEF has only governmental activities that provide for personnel, equipment, supplies and other costs related to the proper administration of District Court. Primarily, court costs and fines finance these activities.

Reporting the JEF's Funds

Our analysis of the JEF's funds begins on page 11. The fund financial statements provide detailed information about the JEF's funds, not the JEF as a whole. In addition to accounting for the fees for court costs and fines and other revenues that finance activities of District Court, the JEF also accounts for the appropriation received from the Louisiana Supreme Court to administer the Commissioners' offices. Fees collected for the preparation of transcripts for indigent defenders are maintained in a separate special revenue fund in accordance with LA R. S. 13:965. The General Fund, the Commissioners' Fund, and the Indigent Transcript Fund are governmental funds that focus on how money flows into and out of these funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual basis of accounting, which measures only cash and other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the JEF's operations and the services it provides. Governmental fund information helps you determine the amount of financial resources available to be spent in the near future to finance the JEF's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in a reconciliation following the fund financial statements.

THE JEF AS A WHOLE

The JEF's net assets increased by approximately \$60,000 from a deficit of \$104,000 to a deficit of \$44,000, mainly due to an increase in the amount of salaries funded by the appropriation from the City of Baton Rouge. Additionally, the retirement of employees that had accumulated significant amounts of vacation leave reduced the liability for accrued compensated absences and correspondingly reduced salary expenses.

Our analysis below focuses on the net assets (Table 1) and changes in net assets (Table 2) of the JEF's governmental activities.

Table 1
Net Assets

	<u>2005</u>	<u>2004</u>	<u>Increase (Decrease)</u>	
			<u>Amount</u>	<u>Percent</u>
Current and other assets	\$ 764,347	\$ 703,377	\$ 60,970	9 %
Capital assets	<u>165,920</u>	<u>229,325</u>	<u>(63,405)</u>	(28) %
Total assets	<u>930,267</u>	<u>932,702</u>	<u>(2,435)</u>	- %
Current liabilities	409,301	416,556	(7,255)	(2) %
Accrued compensated absences	<u>564,658</u>	<u>620,496</u>	<u>(55,838)</u>	(9) %
Total liabilities	<u>973,959</u>	<u>1,037,052</u>	<u>(63,093)</u>	(6) %
Net assets (deficit):				
Invested in capital assets	165,920	229,325	(63,405)	(28) %
Unrestricted	<u>(209,612)</u>	<u>(333,675)</u>	<u>124,063</u>	(37) %
Total net assets (deficit)	<u>\$ (43,692)</u>	<u>\$ (104,350)</u>	<u>\$ 60,658</u>	(58) %

Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by other legal restrictions, increased by more than \$124,000 reducing the deficit to \$210,000 at the end of this year.

The JEF's total revenues increased by three percent or \$95,000. The total cost of all programs and services decreased by \$234,000. The JEF has eliminated several personnel positions due to lack of adequate funding for personal services and the related benefits. The City-Parish of East Baton Rouge was instrumental in decreasing the cost of programs and services due to additional funding during 2005.

Governmental Activities

To aid in the understanding of the Statement of Activities some additional explanation is provided. Of particular interest is its format that is significantly different than that of the typical Statement of Revenues, Expenses, and Changes in Fund Balance. You will notice that expenses are listed in the first column with revenues from that particular program reported to the right. The result is a Net Revenue/(Expense). The reason for this kind of format is to highlight the relative financial burden of each of the governmental functions. It also identifies how much each function draws from the general revenues or if it is self-financing through fees and grants. Fees in the form of court costs and fines represent the majority of the revenues reported for the District Court function.

Table 2
Changes in Net Assets

	<u>2005</u>	<u>2004</u>	<u>Increase (Decrease)</u>	
			<u>Amount</u>	<u>Percent</u>
Revenues				
Fees and fines	\$1,952,638	\$1,950,172	\$ 2,466	0 %
Intergovernmental	805,153	711,698	93,455	13
Charges for services	212,191	221,002	(8,811)	(4)
Interest	13,608	8,115	5,493	68
Other	3,485	1,245	2,240	180
Total revenues	<u>2,987,075</u>	<u>2,892,232</u>	<u>94,843</u>	3
Program expenses				
District Court	2,581,065	2,828,090	(247,025)	(9)
Commissioners'	345,352	331,893	13,459	4
Total expenses	<u>2,926,417</u>	<u>3,159,983</u>	<u>(233,566)</u>	(7)
Increase(decrease) in net assets	<u>\$ 60,658</u>	<u>\$ (267,751)</u>	<u>\$ 328,409</u>	<u>(123) %</u>

THE JEF'S FUNDS

As the JEF completed the year, its governmental funds (as presented in the balance sheet on page 11) reported a combined fund balance of \$281,000, which is \$74,000 more than last year's total of \$207,000. The Drug Court Treatment Program was awarded two U.S. Department of Justice grants for the establishment of an outpatient treatment center totaling \$141,000. Over \$77,000 was used to purchase equipment for the new center.

The following schedule presents a summary of general fund revenues and expenditures for the fiscal year ended June 30, 2005, and the amount and percentage of increases and decreases in relation to the prior year.

Table 3
General Fund Revenues and Expenditures

	<u>2005</u>		<u>2004</u>	
	<u>Amount</u>	<u>Percent of Total</u>	<u>Amount</u>	<u>Percent of Total</u>
Revenues				
Fees and fines	\$1,770,666	68 %	\$1,781,180	74 %
Intergovernmental	565,269	22	401,149	17
Charges for services	224,243	9	226,644	9
Interest	13,608	1	8,115	-
Other	3,485	-	1,245	-
Total revenues	<u>2,577,271</u>	<u>100</u>	<u>2,418,333</u>	<u>100</u>
Expenditures				
District Court	2,605,344	101	2,766,303	115
Capital outlay	<u>75,171</u>	<u>3</u>	<u>5,994</u>	<u>-</u>
Total expenditures	<u>2,680,515</u>	<u>104</u>	<u>2,772,297</u>	<u>115</u>
Deficiency of revenues over expenditures before transfers	(103,244)	(4)	(353,964)	(15)
Transfers	<u>109,958</u>	<u>4</u>	<u>76,268</u>	<u>3</u>
Deficiency of revenues over expenditures after transfers	<u>\$ 6,714</u>	<u>- %</u>	<u>\$ (277,696)</u>	<u>(12) %</u>

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the General Fund budget was revised one time. The budget was amended to reflect the final budgetary fund balance for July 1, 2004, to include two new federal grants for the Drug Court Treatment Program, and to more accurately report projected revenues and operating expenditures. The total dollar amount of the two grants is \$141,000. Each year the Court projects revenues based on the previous year's collections. This year, court defrayment costs and bail bond forfeitures decreased, while court fines increased. Salaries and benefit expenditures decreased based on increased funding from the City Parish relative to these expenses. Dues and subscriptions include the Court's online subscription to Westlaw services and legal books and materials for the Judges. There was a decrease in contractual services of \$51,000, partly due to the decrease in payroll and accounting services and a decrease in outside legal fees. The Court began processing its own payroll July 1, 2004. Drug screen expenditures decreased as they were covered in part by the Supreme Court and other drug court funding instead of the Judicial Expense Fund. The Drug Court Treatment Program purchased over \$77,000 of equipment, after securing two grants from the U. S. Department of Justice. The program is located outside of the Court. The actual general fund revenues fell short of the final budget by less than \$1,000.

The Commissioners' fund was subsidized by the JEF with \$5,000, not shown on the Budgetary Comparison Schedule. This is a significantly smaller amount than last year's \$14,000.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of June 30, 2005, the JEF had over \$814,000 invested in capital assets including computer equipment and office renovations. (See Table 4 below.) This represents a net decrease of \$47,000 from last year. Over \$77,000 of equipment was purchased for the Drug Court Treatment Program. Depreciation expense and net dispositions totaled \$124,000, causing the overall decrease in capital assets.

Table 4
Capital Assets at Year-end

	<u>2005</u>	<u>2004</u>
Computer equipment, including software	\$ 451,931	\$ 383,926
Other office equipment	200,177	316,214
Furniture and fixtures	79,313	78,100
Office renovations	<u>82,822</u>	<u>82,822</u>
Totals	<u>\$ 814,243</u>	<u>\$ 861,062</u>

Debt

At year-end, the JEF had approximately \$614,000 estimated for accrued compensated absences that represents the future liability for vacation earned but not used by District Court employees. That is a decrease of nine percent from last year. (See Table 5 below.) In the past year, several employees have retired and the Court has paid out their vacation balances.

Table 5
Outstanding Debt at Year-end

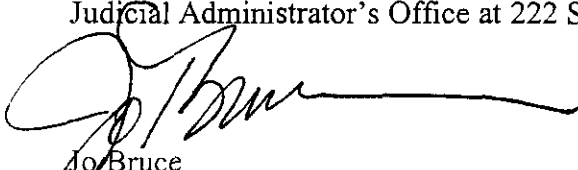
	<u>2005</u>	<u>2004</u>
Accrued compensated absences	<u>\$ 613,759</u>	<u>\$ 681,864</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City-Parish of East Baton Rouge funds most of the District Court operations. The annual budget adopted by the City-Parish for 2006 increased \$220,000 from its prior year appropriation including increases in medical, dental and retirement benefits. This is very good news for the 19th Judicial District Court. The City-Parish of East Baton Rouge has agreed to subsidize the Court for the shortfall for the calendar year ended 2005. The Court will not be forced to liquidate any cash reserves to meet operating expenditures. The Court anticipates a modest increase in revenue collection for 2006. The Drug Court Treatment Program grants will end in the upcoming year as well. The Court anticipates a slight increase in medical and dental benefits, and the Court grants all eligible employees a three percent merit raise each year. It is likely from past history that the retirement contribution rates will increase over the next year. The Court consistently attempts to reduce operating expenses without jeopardizing the overall operations of the Court.

CONTACTING THE FUND'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the JEF's finances and to show the JEF's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Judicial Administrator's Office at 222 St. Louis Street, Suite 733, Baton Rouge, Louisiana.



Jo Bruce
Judicial Administrator

BASIC FINANCIAL STATEMENTS

**NINETEENTH JUDICIAL DISTRICT COURT -
JUDICIAL EXPENSE FUND
STATEMENT OF NET ASSETS**

June 30, 2005

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash, including time deposits	\$ 463,400
Accounts receivable (net)	85,355
Receivable from other governments	208,692
Other	<u>6,900</u>
Total current assets	764,347
Noncurrent assets:	
Capital assets, net of depreciation	<u>165,920</u>
Total assets	<u>930,267</u>
LIABILITIES	
Current liabilities:	
Accounts payable	85,361
Advance from City-Parish	274,839
Accrued compensated absences	<u>49,101</u>
Total current liabilities	409,301
Noncurrent liabilities:	
Accrued compensated absences	<u>564,658</u>
Total liabilities	<u>973,959</u>
NET ASSETS (DEFICIT)	
Invested in capital assets	165,920
Unrestricted	<u>(209,612)</u>
Total net assets (deficit)	<u>\$ (43,692)</u>

See accompanying notes to the basic financial statements.

**NINETEENTH JUDICIAL DISTRICT COURT -
JUDICIAL EXPENSE FUND
STATEMENT OF ACTIVITIES**
Year ended June 30, 2005

Functions/Programs	Charges for Services		Operating Grants and Contributions		Capital Grants and Contributions		Net Revenue (Expense)
	Expenses						
Governmental activities:							
District Court Commissioners'	\$ 2,581,065	\$ 2,164,829	\$ 73,032	\$ 59,878	\$ (283,326)		
	<u>345,352</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(345,352)</u>		
Total governmental activities	<u>\$ 2,926,417</u>	<u>\$ 2,164,829</u>	<u>\$ 73,032</u>	<u>\$ 59,878</u>	<u>(628,678)</u>		
General revenues:							
Intergovernmental					672,243		
Interest					13,608		
Other					<u>3,485</u>		
Total general revenues					<u>689,336</u>		
Change in net assets					60,658		
Net deficit - beginning of year					(104,350)		
Net deficit - end of year					<u>\$ (43,692)</u>		

See accompanying notes to the basic financial statements.

NINETEENTH JUDICIAL DISTRICT COURT - JUDICIAL EXPENSE FUND
BALANCE SHEET
GOVERNMENTAL FUNDS

June 30, 2005

	General Fund	Commissioners' Fund	Other Funds	Total Governmental Funds
ASSETS				
Cash, including time deposits	\$ 460,636	\$ 2,764	\$ -	\$ 463,400
Accounts receivable (net)	17,886	-	-	17,886
Receivable from other governments	193,949	-	14,743	208,692
Due from other funds	-	6,436	162,787	169,223
Total assets and other debits	<u>\$ 672,471</u>	<u>\$ 9,200</u>	<u>\$ 177,530</u>	<u>\$ 859,201</u>
LIABILITIES				
Accounts payable	\$ 66,263	\$ 9,200	\$ 9,898	\$ 85,361
Advance from City-Parish	274,839	-	-	274,839
Due to other funds	165,080	-	4,143	169,223
Accrued compensated absences	49,101	-	-	49,101
Total liabilities	<u>555,283</u>	<u>9,200</u>	<u>14,041</u>	<u>578,524</u>
FUND BALANCES				
Unreserved, reported in				
General fund	117,188	-	-	117,188
Special revenue funds	-	-	163,489	163,489
Total fund balances	<u>117,188</u>	<u>-</u>	<u>163,489</u>	<u>280,677</u>
Total liabilities and fund balances	<u>\$ 672,471</u>	<u>\$ 9,200</u>	<u>\$ 177,530</u>	<u>\$ 859,201</u>

See accompanying notes to the basic financial statements.

NINETEENTH JUDICIAL DISTRICT COURT - JUDICIAL EXPENSE FUND
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE
TO NET ASSETS OF GOVERNMENTAL ACTIVITIES
June 30, 2005

Total governmental fund balances	\$ 280,677
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	165,920
Receivables that are not available to pay current period expenditures and therefore are not reported in the funds.	67,469
Some expenditures reported in the funds benefit a future period and are not reported as governmental activities of the current period	6,900
Long-term liabilities (accrued compensated absences) are not due and payable in the current period and therefore are not reported in the funds.	<u>(564,658)</u>
Net assets of governmental activities	<u>\$ (43,692)</u>

See accompanying notes to the basic financial statements.

NINETEENTH JUDICIAL DISTRICT COURT - JUDICIAL EXPENSE FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

Year ended June 30, 2005

	General Fund	Commissioners' Fund	Other Funds	Total Governmental Funds
REVENUES				
Fees and fines	\$ 1,770,666	\$ -	\$ 181,973	\$ 1,952,639
Intergovernmental	565,269	339,884	-	905,153
Charges for services	224,243	-	-	224,243
Interest	13,608	-	-	13,608
Other	3,485	-	-	3,485
Total revenues	<u>2,577,271</u>	<u>339,884</u>	<u>181,973</u>	<u>3,099,128</u>
EXPENDITURES				
Current operations:				
District Court	2,605,344	-	-	2,605,344
Commissioners'	-	345,235	-	345,235
Capital expenditures	<u>75,171</u>	<u>-</u>	<u>-</u>	<u>75,171</u>
Total expenditures	<u>2,680,515</u>	<u>345,235</u>	<u>-</u>	<u>3,025,750</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	111,166	5,351	-	116,517
Operating transfers out	<u>(1,208)</u>	<u>-</u>	<u>(115,309)</u>	<u>(116,517)</u>
	<u>109,958</u>	<u>5,351</u>	<u>(115,309)</u>	<u>-</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPEN- DITURES AND OTHER USES	<u>6,714</u>	<u>-</u>	<u>66,664</u>	<u>73,378</u>
Fund balances - beginning of year	<u>110,474</u>	<u>-</u>	<u>96,825</u>	<u>207,299</u>
Fund balances - end of year	<u>\$ 117,188</u>	<u>\$ -</u>	<u>\$ 163,489</u>	<u>\$ 280,677</u>

See accompanying notes to the basic financial statements.

NINETEENTH JUDICIAL DISTRICT COURT - JUDICIAL EXPENSE FUND
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year ended June 30, 2005

Net change in fund balances - total governmental funds	\$ 73,378
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	44,353
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	(12,052)
Only the gain/loss from the sale of equipment is reported as governmental activities of the current period whereas the proceeds from the sale are financial resources and reported as revenue in the funds.	(107,758)
Some expenditures reported in the funds benefit a future period and are reported as governmental activities of the current period	6,900
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	<u>55,837</u>
Change in net assets of governmental activities	<u>\$ 60,658</u>

See accompanying notes to the basic financial statements.

**EAST BATON ROUGE PARISH JUVENILE COURT
STATEMENT OF FIDUCIARY NET ASSETS**

December 31, 2004

	<u>Agency Fund</u>
ASSETS	
Due from other governments	\$ 21,977
Total assets and other debits	<u>\$ 21,977</u>
LIABILITIES	
Due to other governments	\$ 21,977
Total liabilities	<u>\$ 21,977</u>

See accompanying notes to the basic financial statements.

NINETEENTH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND
NOTES TO FINANCIAL STATEMENTS
June 30, 2005

A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Judicial Expense Fund complies with accounting principles generally accepted in the United States of America (GAAP). GAAP includes all relevant Government Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989 have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent sections of this note.

Financial reporting entity

The Nineteenth Judicial District Court Expense Fund was established by a legislative act effective June 30, 1969. The act provides for the collection of fees in the form of court costs and fines, and provides for court reporters and such secretarial, clerical, research, administrative or other personnel as are deemed necessary to expedite the business and functions of the court. The Fund may also be used to pay for establishing and maintaining a law library, equipment, supplies and any other costs or expenses related to the proper administration of the court, except for the payment of judges' salaries.

The offices of Commissioner of the Nineteenth Judicial District Court were created by legislative act that provides for the appointment of two commissioners whose duties are assigned by the Chief Judge. These duties include hearing and making recommendations on criminal and civil proceedings arising out of the incarceration of state prisoners. The State of Louisiana appropriates funds for equipment, supplies, and the salaries and related benefits for employees of the Commissioners.

As the governing authority of the consolidated government, the City of Baton Rouge, Parish of East Baton Rouge (City-Parish) is the financial reporting entity for the consolidated government. The financial reporting entity consists of the primary government (City-Parish), and includes all component units of which the City-Parish appoints a voting majority of the units' board; the City-Parish is either able to impose its will on the unit or a financial benefit or burden relationship exists.

The Judicial Expense Fund is part of the operations of the district court system that is fiscally dependent on the City-Parish. The City-Parish provides directly to the court office space, courtrooms, personal services, and other supplies and services. The nature of the relationship between the Judicial Expense Fund and the district court and the City-Parish is significant. Therefore, the Judicial Expense Fund was determined to be a component unit of the City of Baton Rouge, Parish of East Baton Rouge, the financial reporting entity. The accompanying

A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

financial statements present information only on the Judicial Expense Fund maintained by the Nineteenth Judicial District Court and do not present any other information on the District Court, or the City-Parish, the general government services provided by that governmental unit, or on the other governmental units that comprise the financial reporting entity.

Basis of presentation

Government-wide financial statements – The statement of net assets and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues.

Fund financial statements – The financial transactions of the Judicial Expense Fund are reported in individual funds in the fund financial statements. Each fund is accounted for by a separate set of self-balancing accounts that comprises its assets, liabilities, fund equity, revenues, and expenditures.

The Judicial Expense Fund uses the governmental fund type. The focus of the governmental funds' measurement is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The funds of the Judicial Expense Fund are described as follows:

General fund - The general fund is the general operating fund and accounts for all activities of the Judicial Expense Fund except those required to be accounted for in another fund.

Special revenue funds - Special revenue funds are used to account for specific revenue sources that are legally restricted to expenditures for specified purposes.

Fiduciary fund (agency fund) – The agency fund accounts for assets held by the Judicial Expense Fund in a purely custodial capacity.

Measurement focus and basis of accounting

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement focus – The government-wide financial statements are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets, and financial position. All assets and liabilities (whether current or non-current) associated with their activities are reported. All governmental funds utilize a current financial resources measurement focus in the fund financial statements. Only current financial assets and liabilities are generally included on the balance sheet. Operating statements present sources and uses of available

A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

spendable financial resources during a given period. The fund balance is the measure of available spendable financial resources at the end of the period.

Basis of accounting - The government-wide financial statements are presented using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred or economic assets are used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Revenues are recognized when "measurable and available." Measurable means the amount of the transaction can be determined, and available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures (including capital outlay) are recorded when the related fund liability is incurred.

Financial statement amounts

Cash, including time deposits – "Cash, including time deposits" includes all demand deposits, savings accounts and certificates of deposit of the Judicial Expense Fund.

Interfund receivables and payables

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds." Interfund receivables and payables are eliminated in the Statement of Net Assets. Details of interfund receivables and payables at year end are found in Note K.

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivable balances for governmental activities include amounts due from the Clerk of Court and attorneys for transcript charges.

Receivables are included in the fund financial statements if they are both measurable and available. Revenues are recorded when earned only if paid within 60 days since they would be considered both measurable and available.

Capital assets

In the government-wide financial statements, capital assets purchased or acquired with an original cost of \$1,000 or more are reported at historical cost. Additions, improvement and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs

A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is computed on the straight-line basis over the following estimated useful lives:

Computer equipment, including software	5 – 10 years
Other office equipment	5 – 10 years
Furniture and fixtures	10 – 20 years
Office renovations	10 – 20 years

In the fund financial statements, fixed assets are accounted for as capital outlay expenditures of the fund upon acquisition. Capital assets reported herein include only those assets purchased by the Judicial Expense Fund and do not reflect assets of the court obtained from other sources.

Revenues

Substantially all government fund revenues are accrued. Those revenues include filing and license fees, fines, and court costs collected by other agencies and remitted to the Judicial Expense Fund in the following month, as well as, amounts due under grant contracts, interest and dividend revenue, transcript charges to attorneys, and drug enforcement forfeitures collected by the District Attorney and paid annually or upon request. As a grant recipient, grant receivables and revenue are recognized when the applicable eligibility requirements, including time requirements, are met. Resources transmitted before the eligibility requirements are met are reported as deferred revenue.

Expenditures

Expenditures are recognized when the related fund liability is incurred.

Compensated absences

The annual and sick leave plan adopted by the JEF allows a maximum accumulation of 60 days of vacation leave. Certain employees hired before the current annual and sick leave plan was adopted can accumulate more than the 60 days maximum allowed under the current plan. Upon termination, employees are paid for the unused vacation leave. Sick leave is allowed to accrue and accumulate. However, such sick leave benefits are payable only upon absence from work for medical reasons. Upon termination, accumulated sick leave lapses, and no payments are made for the unused accumulations.

Certain employees of District Court may accrue up to 30 days of compensatory time in lieu of overtime payment. The Judicial Expense Fund pays compensatory leave up to the maximum accrual amounts upon termination, resignation, retirement or death. Whenever an employee exceeds the maximum accrual amounts, the excess is paid to the employee during the following month.

GASB Statement No. 16, *Accounting for Compensated Absences*, requires governments to accrue compensated absences only to the extent it is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement. The Judicial Expense Fund records a liability for 100% of the accrued vacation and compensatory time for each employee up to the respective maximums at

A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

the employees' current rate of pay. Additionally, applicable social security and medicare costs are added to the accrued leave as computed above.

GASB Statement No. 16 requires the accrual for sick leave if it is probable that the employer will compensate the employees for the benefits through cash payments conditioned on the employees' termination or retirement. Since the amount of accumulated sick leave lapses upon termination, no amount has been accrued.

The amounts shown in the accompanying financial statements for accrued compensated absences represent the liability for all employees of the District Court except the judges and the commissioners.

The non-current portion (the amount estimated to be used in subsequent fiscal years) for governmental funds is maintained separately and represents a reconciling item between the fund and government-wide presentations.

Interfund transfers

Permanent reallocation of resources between funds of the reporting entity are classified as interfund transfers. All transfers between individual governmental funds have been eliminated on the statement of activities.

Accounting estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make certain estimates and assumptions. Those estimates affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

B: CASH AND INVESTMENTS

Cash includes amounts in demand deposits and time deposits. Under state law, the Judicial Expense Fund may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

At June 30, 2005, the Judicial Expense Fund had cash (book balances) as follows:

Interest bearing demand deposits	\$ 193,400
Time deposits (certificates of deposit)	<u>270,000</u>
	<u>\$ 463,400</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of

B: CASH AND INVESTMENTS (Continued)

securities owned by the fiscal agent bank. The market value of pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Judicial Expense Fund that the fiscal agent has failed to pay deposited funds upon demand.

Custodial credit risk is the risk that in the event of a bank failure, the Judicial Expense Fund's deposits may not be returned to it. The Judicial Expense Fund does not have a deposit policy for custodial credit risk. As of June 30, 2005, \$533,706 of the Judicial Expense Fund's bank balance of \$633,706 was exposed to custodial credit risk as follows:

Uninsured and collateral held by fiscal agent bank's trust department not in the Judicial Expense Fund's name	\$ <u>533,706</u>
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C: ACCOUNTS RECEIVABLE

Accounts receivable of the governmental activities consists mostly of amounts due from the Clerk of Court and attorneys for transcript charges. Detail of the receivables at June 30, 2005 is as follows:

Transcripts	\$ 99,869
Less allowance for doubtful accounts	<u>16,344</u>
	83,525
Other receivables	<u>1,830</u>
Accounts receivable (net)	\$ <u>85,355</u>

The allowance for doubtful accounts was established based on historical trends and other information. At June 30, 2005, \$80,809 of the transcripts receivable were past due ninety days or more.

D: INTERGOVERNMENTAL RECEIVABLES

Intergovernmental receivables due to the general fund at June 30, 2005 are as follows:

East Baton Rouge Parish Sheriff	\$ 136,666
East Baton Rouge Clerk of Court	9,058
U. S. Department of Justice	25,408
Louisiana Department of Public Safety	1,037
Louisiana Supreme Court	36,523
	<u>\$ 208,692</u>

E: CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2005 is as follows:

	Balance June 30, 2004	Additions	Deletions	Balance June 30, 2005
Computer equipment, including software	\$ 383,926	\$ 68,005	\$ -	\$ 451,931
Other office equipment	316,214	5,953	121,990	200,177
Furniture and fixtures	78,100	1,213	-	79,313
Office renovations	82,822	-	-	82,822
Totals at historical cost	<u>861,062</u>	<u>75,171</u>	<u>121,990</u>	<u>814,243</u>
Less accumulated depreciation				
Computer equipment, including software	350,413	14,117	-	364,530
Other office equipment	158,509	11,516	14,232	155,793
Furniture and fixtures	54,409	2,502	-	56,911
Office renovations	68,406	2,683	-	71,089
Totals at historical cost	<u>631,737</u>	<u>30,818</u>	<u>14,232</u>	<u>648,323</u>
Capital assets, net	<u>\$ 229,325</u>	<u>\$ 44,353</u>	<u>\$ 107,758</u>	<u>\$ 165,920</u>

Depreciation expense was charged to governmental activities as follows:

District Court	\$ 30,701
Commissioners'	117
	<u>\$ 30,818</u>

F: LONG-TERM DEBT

As of June 30, 2005, the governmental long-term debt consisted of the following:

Accrued compensated absences:

Current portion	\$ 49,101
Non-current portion	<u>564,658</u>
Total governmental activity debt	<u>\$ 613,759</u>

The following is a summary of changes in long-term debt for the year ended June 30, 2005:

	Balance June 30, 2004	Additions	Deductions	Balance June 30, 2005	Amounts Due within One Year
Accrued Compensated Absences	\$ <u>681,864</u>	\$ <u>-</u>	\$ <u>68,105</u>	\$ <u>613,759</u>	\$ <u>49,101</u>

G: SALARY EXPENDITURES

The Judicial Expense Fund administers the payroll for all District Court employees excluding the judges and the commissioners. The Parish of East Baton Rouge reimburses the fund for those salaries disbursed by the fund but appropriated in the City-Parish budget.

Also, the Clerk of Court reimburses the Fund for a portion of the salary of an employee who works for both the Nineteenth Judicial District Court and the East Baton Rouge Parish Clerk of Court. The amounts included in the accompanying financial statements are the actual salary expenditures of the Judicial Expense Fund and do not include any amounts for salaries reimbursed by either the City-Parish or the Clerk of Court.

H: PENSION PLANS

Louisiana State Employees Retirement System

Plan Description. The employees of the Commissioners' offices, whose salaries are paid from an appropriation from the State of Louisiana, and court reporters hired after June 30, 2003 are members of the Louisiana State Employees Retirement System ("System"), a public employee retirement system (PERS). The System is a statewide public retirement system for the benefit of state employees, which is administered and controlled by a separate Board of Trustees. The System provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The System was established and provided for within Title 11 Chapter 401 of the Louisiana Revised Statutes (LRS). The Louisiana State Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to Louisiana State Employees Retirement System, P.O. Box 44213, Baton Rouge, Louisiana 70804-4213, or by calling 1-800-256-3000.

H: PENSION PLANS (Continued)

Funding Policy. Plan members are required by state statute to contribute 7.5% of gross salary to which the Commissioners' offices added a 17.8% and 15.8% contribution as an employer's match for the years ended June 30, 2005 and 2004, respectively. The contribution requirements of plan members and the Commissioners' offices are established and may be amended by the System's Board of Trustees. The Commissioners' offices statutory and actual contributions for the years ending June 30, 2005, 2004, and 2003 were \$63,897, \$52,732, and \$42,996, respectively.

Louisiana Clerks of Court Retirement and Relief Fund

Plan Description. Other court employees, whose salaries are expenditures of the Judicial Expense Fund are members of the Louisiana Clerks of Court Retirement and Relief Fund (Fund), multiple-employer, cost sharing public employee retirement system, controlled and administered by a separate Board of Trustees. The Fund provides retirement and disability benefits, cost-of-living adjustments, and death benefits to plan members and beneficiaries. The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Louisiana Clerks of Court Retirement and Relief Fund, 11745 Bricksome Avenue, Suite B1, Baton Rouge, Louisiana 70816, or by calling 225-293-1162.

Funding Policy. Plan members are required by state statute to contribute 8.25% of their annual covered salary and the Nineteenth Judicial District Court is required to contribute at an actuarially determined rate. The rate is 14.5% and 11.5% of annual covered payroll for the years ended June 30, 2005 and 2004, respectively. Contributions to the System also include one-fourth of one percent of the taxes shown to be collectible by the tax rolls of each parish. The contribution requirements of plan members and the Nineteenth Judicial District Court are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Nineteenth Judicial District Court's contributions to the System for the years ending June 30, 2005, 2004, and 2003 were \$596,476, \$175,609, and \$30,988, respectively, which were equal to the required contributions for each year.

I: OTHER POSTEMPLOYMENT BENEFITS

District Court Employees

In addition to the pension benefits described in Note H, the City-Parish provides post retirement health care benefits. Employees are eligible to continue participation in the health, dental and life insurance programs upon retirement.

Health and dental benefits

Employees may at their option participate in the group health and dental insurance programs. Upon retirement the employee may continue coverage paying the same premiums and receiving the same benefits as active employees. Retirees may continue coverage in accordance with Parish Resolution 10179 adopted by the Parish Council on December 13, 1972.

I: OTHER POSTEMPLOYMENT BENEFITS (Continued)

During 2003, the premium plan was funded with employees and retirees contributing 25% - 38% of the premium and the City-Parish contributing 75% - 62% of the premium, dependent upon the number of family members covered. Effective January 1, 2003, the current costs of these premiums were allocated over all employers and funds that participate in the health and dental self-insurance programs.

The Judicial Expense Fund does not recognize expenditures for the employer portion of these benefits since they are provided by the City-Parish.

Life insurance benefits

In accordance with City Resolution 5942 and Parish Resolution 12478 adopted by the respective councils on April 14, 1976, all employees who retire after May 1, 1976 have \$3,000 of term life insurance coverage. The cost of this insurance is paid by the City-Parish through an actuarially determined monthly assessment of 70 cents per active employee. The premium is paid into an Insurance Continuance Fund Account.

The Judicial Expense Fund does not recognize expenditures for these life insurance benefits since they are provided by the City-Parish.

Commissioners' Office Employees

In addition to the pension benefits described in Note H, the State of Louisiana provides post-retirement health care benefits. LRS 42:821 through 42:880 establishes the self-insured and self-funded state employees group health care and life insurance program and authorizes the commissioners' office to provide certain continuing health care and life insurance benefits for its retired employees. Substantially all of the commissioners' employees become eligible for those benefits if they reach normal retirement age while working for the commissioners' office. Monthly premiums are paid jointly by the employees and the employer (from the commissioners' office appropriation) for active employees' benefits regardless of whether benefits are provided by Group Benefits or one of the HMO's authorized by Group Benefits.

The Judicial Expense Fund does not recognize expenditures for these benefits since they will be included in the annual appropriation from the State of Louisiana.

J: OPERATING LEASES

The Court leases various office equipment under agreements that are classified as operating leases. Most of these leases can be extended on a month-to-month basis until either the Court returns the equipment to the lessor or the lessor terminates the lease by written notice. In most cases, the leases are extended or replaced by other leases. The Court does not have any operating leases with scheduled rent increases. Operating lease payments during 2005 totaled \$9,828.

K: INTERFUND TRANSACTIONS

The following is a summary of amounts due from and due to other funds at June 30, 2005:

	Due to:			
	Commis- sioners' Fund	Indigent Transcript Fund	Drug Treatment Fund	Total
Due from:				
General Fund	\$ 2,293	\$ 160,257	\$ 2,530	\$ 165,080
Indigent Transcript Fund	4,143	-	-	4,143
	<u>\$ 6,436</u>	<u>\$ 160,257</u>	<u>\$ 2,530</u>	<u>\$ 169,223</u>

Outstanding balances between funds reported as “due to/due from other funds” includes charges by one fund to another for services and/or goods outstanding at year end and are expected to be settled within the next year.

The operating transfers in or out during the year ended June 30, 2005 are as follows:

	Transfers to:		
	General Fund	Commis- sioners' Fund	Total
Transfers from:			
General fund	\$ -	\$ 1,208	\$ 1,208
Special revenue funds:			
Indigent transcript fund	111,166	4,143	115,309
	<u>\$ 111,166</u>	<u>\$ 5,351</u>	<u>\$ 116,517</u>

Transfers are substantially for the purposes of subsidizing operating functions. Court reporters are paid from the general fund, and the indigent transcript fund reimburses the general fund whenever the transcript is categorized as “indigent.” Whenever expenditures for the Commissioners’ offices exceed the state appropriation, the general fund covers the excess.

L: CONCENTRATIONS OF CREDIT RISK

Intergovernmental receivables represent amounts due from other East Baton Rouge Parish governmental agencies and the State of Louisiana. The majority of the other receivables are due from Louisiana attorneys who practice before the court. Such receivables are not collateralized. Payment of these amounts is partly dependent upon the economic and financial conditions within East Baton Rouge Parish and the State of Louisiana.

Certain operating expenditures of the district court are paid by the City-Parish and are not included in the accompanying financial statements. The City-Parish has a calendar year end, and

L: CONCENTRATIONS OF CREDIT RISK (Continued)

the expenditures for the operation of the district court for the year ended December 31, 2004 are summarized as follows:

Personal services	\$ 3,005,000
Group benefits	1,037,576
Supplies	29,690
Contractural services	98,975
Capital outlay	103,611
	<u>\$ 4,274,852</u>

REQUIRED SUPPLEMENTARY INFORMATION

**NINETEENTH JUDICIAL DISTRICT COURT - JUDICIAL EXPENSE FUND
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**

Year ended June 30, 2005

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
Budgetary fund balance - July 1, 2004	\$ 386,520	\$ 110,474	\$ 110,474	\$ -
Resources (inflows):				
Fees and fines:				
Clerk of Court - civil and probate filing fees	217,000	217,417	219,031	1,614
East Baton Rouge Parish Sheriff:				
Court costs	175,000	189,639	195,995	6,356
Court defrayment costs	550,000	519,619	464,958	(54,661)
Bail bond forfeitures	110,000	75,000	52,025	(22,975)
Fines	509,000	541,418	559,146	17,728
East Baton Rouge District Attorney:				
Drug enforcement forfeitures	30,000	55,000	64,795	9,795
Bail bond license fees	200,000	202,749	218,306	15,557
Louisiana Department of Public Safety - license fees	10,000	10,383	11,163	780
Intergovernmental:				
U. S. Department of Justice,				
Drug court treatment program grant	-	25,000	93,326	68,326
Louisiana Commission on Law Enforcement, pass-through grants	-	14,872	16,176	1,304
Louisiana Supreme Court:				
Drug court appropriation	350,000	354,254	332,609	(21,645)
City-Parish of Baton Rouge	-	-	100,000	100,000
Charges for services:				
Transcript charges to attorneys	185,000	201,212	181,037	(20,175)
Program fees	40,000	29,451	31,367	1,916
Copy charges for probable cause affidavits	500	232	221	(11)
Interest	8,250	8,959	11,869	2,910
Other	4,600	2,000	5,885	3,885
Criminal juror compensation	240,000	220,000	-	(220,000)
Drug treatment program	1,000	1,280	-	(1,280)
Transfer from Indigent Transcript Fund	-	-	110,116	110,116
Amounts available for appropriation	<u>2,630,350</u>	<u>2,668,485</u>	<u>2,668,025</u>	<u>(460)</u>

Continued

Exhibit 1 (Continued)

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
Charges to appropriations (outflows):				
District Court:				
Personal services:				
Salaries	\$ 1,500,000	\$ 1,685,000	\$ 527,902	\$ 1,157,098
Transcript services	-	110,000	179,054	(69,054)
Group benefits:				
Payroll taxes	-	173	46,286	(46,113)
Retirement	-	-	596,476	(596,476)
Supplies:				
Office supplies	106,800	108,788	137,542	(28,754)
Computer supplies	12,500	5,587	7,416	(1,829)
Drug screen lab supplies	120,000	76,007	80,514	(4,507)
Dues and subscriptions	45,500	50,727	84,866	(34,139)
Other	26,000	10,546	9,473	1,073
Contractual services:				
Legal and other professional fees	50,000	25,000	45,977	(20,977)
Drug treatment services	397,000	422,095	409,249	12,846
Surety bonds	4,000	2,733	3,050	(317)
Workers' compensation insurance for community service workers	2,400	2,667	2,025	642
Other contractual services	102,250	69,833	51,298	18,535
Drug screens	40,000	-	2,262	(2,262)
Parking fees	35,000	36,000	36,000	-
Travel, meetings and conferences	75,500	56,040	71,644	(15,604)
Equipment repair and maintenance	70,000	41,639	48,843	(7,204)
Criminal juror compensation	240,000	185,771	-	185,771
Capital outlay	-	-	77,506	(77,506)
Transfer to Commissioners' Fund	-	-	-	-
Total charges to appropriations	<u>2,826,950</u>	<u>2,888,606</u>	<u>2,417,383</u>	<u>471,223</u>
Budgetary fund balance - June 30, 2005	<u>\$ 189,920</u>	<u>\$ (109,647)</u>	<u>\$ 361,116</u>	<u>\$ 470,763</u>

See accompanying note to budgetary comparison schedules.

**NINETEENTH JUDICIAL DISTRICT COURT - JUDICIAL EXPENSE FUND
BUDGETARY COMPARISON SCHEDULE - COMMISSIONERS' FUND**

Year ended June 30, 2005

	Budgeted Amounts	Actual Amounts	Variance with Final Budget -
	Original and Final	(Budgetary Basis)	Positive (Negative)
Budgetary fund balance (deficit) - July 1, 2004	\$ -	\$ -	\$ -
Resources (inflows):			
Intergovernmental:			
State of Louisiana	339,884	339,884	-
Transfer from general fund	-	5,351	5,351
Amounts available for appropriation	<u>339,884</u>	<u>345,235</u>	<u>5,351</u>
Charges to appropriations (outflows):			
Commissioners':			
Personal services:			
Salaries	249,125	252,365	(3,240)
Transcript services	-	3,202	(3,202)
Group benefits:			
Payroll taxes	1,673	1,469	204
Group insurance	17,551	11,477	6,074
Retirement	47,583	63,897	(16,314)
Supplies:			
Office supplies	3,941	6,336	(2,395)
Computer supplies	1,105	-	1,105
Dues and subscriptions	500	76	424
Other	136	-	136
Contractual services:			
Legal and other professional fees	1,048	150	898
Other contractual services	1,965	-	1,965
Parking fees	1,440	1,840	(400)
Travel, meetings and conferences	4,564	2,724	1,840
Equipment repair and maintenance	1,200	1,244	(44)
Telephone	1,000	455	545
Capital outlay	<u>7,053</u>	<u>-</u>	<u>7,053</u>
Total charges to appropriations	<u>339,884</u>	<u>345,235</u>	<u>(5,351)</u>
Budgetary fund balance - June 30, 2005	\$ -	\$ -	\$ -

See accompanying note to budgetary comparison schedules.

**NINETEENTH JUDICIAL DISTRICT COURT - JUDICIAL EXPENSE FUND
BUDGETARY COMPARISON SCHEDULE -
INDIGENT TRANSCRIPT FUND**

Year ended June 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary fund balance - July 1, 2004	\$ -	\$ -	\$ 96,490	\$ 96,490
Resources (inflows):				
Fees and fines:				
East Baton Rouge Parish Sheriff:				
Indigent transcript fees	\$ 145,000	\$ 176,303	\$ 179,954	\$ 3,651
Amounts available for appropriation	145,000	176,303	179,954	3,651
Charges to appropriations (outflows):				
District Court:				
Transfer to General Fund	-	110,000	110,116	(116)
Transfer to Commissioners' Fund	-	-	4,143	(4,143)
Total charges to appropriations	-	110,000	114,259	(4,259)
Budgetary fund balance - June 30, 2005	\$ 145,000	\$ 66,303	\$ 162,185	\$ 95,882

See accompanying note to budgetary comparison schedules.

**NINETEENTH JUDICIAL DISTRICT COURT -
JUDICIAL EXPENSE FUND
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
ON BUDGETARY ACCOUNTING AND CONTROL**

June 30, 2005

Budgetary accounting and control

Budget law

The Judicial Expense Fund prepares the annual operating budget for the general fund and the indigent transcript fund under the provisions of the Louisiana Municipal Budget Act. In accordance with those provisions, the following procedures are used in adopting the annual budget for these funds:

- (1) An operating budget is prepared at least fifteen days prior to the commencement of the budgetary fiscal year. The operating budget includes proposed expenditures and the means of financing them for the upcoming year.
- (2) The budget is available for public inspection at least fifteen days prior to the beginning of the fiscal year.
- (3) The budget is adopted after consideration of public comment, if any, and authorized for implementation on the first day of the fiscal year.
- (4) The budgets are prepared on a detailed line item basis. Revenues are budgeted by source. Expenditures are budgeted by character (personal services, group benefits, supplies, contractual services and capital outlay). Total expenditures constitute the legal level of control. Expenditures may not exceed the sum of appropriations plus the unreserved prior year fund balance. The budget may be revised during the year as estimates regarding revenues and expenditures change.
- (5) Appropriations lapse at the end of each fiscal year.

With regard to the Commissioners' fund, which is an appropriation of the Louisiana Supreme Court for the operation of the commissioners' offices, the Judicial Budgetary Control Board governs the budget. R.S. 39:4B exempts the judiciary of the state from the State Division of Administration budgetary control, and since budgetary reporting for the Commissioners' Fund is the responsibility of the Judicial Budgetary Control Board, the Nineteenth Judicial District Court is of the opinion that the Commissioners' Fund is also not subject to the Local Government Budget Act (R.S. 39:1301-14), in particular, those requirements relating to public hearings and advertisement. Accordingly, the Commissioners' Fund budget to actual presentation will utilize the budget data formulated under the auspices of the Judicial Budgetary Control Board.

These procedures are followed in establishing the budgetary data reflected in the financial statements with regard to the special revenue fund:

- (1) An operating budget is prepared for the commissioners' fund prior to the commencement of the budgetary fiscal year and submitted to the Judicial Budgetary Control Board. The operating budget includes proposed expenditures for the upcoming year.
- (2) All funds remaining unexpended or unencumbered at year end shall be returned to the state general fund.
- (3) Any surpluses occurring in the appropriation may be transferred from one line item to another during the fiscal year.

Budgetary accounting

The general fund and the indigent transcript fund budgets are prepared using the cash basis of accounting, a basis that differs significantly from that used to present financial statements in conformity with generally accepted accounting principles. A reconciliation of timing differences in the fund balances at June 30, 2005, is presented below:

	General Fund	Indigent Transcript Fund
Budgetary fund balance, June 30, 2005	\$ 361,116	\$ 162,185
Adjustments:		
Net change in accounts receivable	19,865	(176)
Net change in accounts payable	(263,793)	(1,051)
Unreserved fund balance, June 30, 2005 (GAAP basis)	\$ <u>117,188</u>	\$ <u>160,958</u>

The annual operating budget of the Commissioners' Fund is prepared and presented on the modified accrual basis of accounting.

L.A. CHAMPAGNE & CO., L.L.P.

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MEMBERS - SEC AND
PRIVATE COMPANIES PRACTICE
SECTIONS OF THE AMERICAN
INSTITUTE OF CPAs

EID #72-0454386

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Honorable Judges of the
Nineteenth Judicial District Court

We have audited the financial statements of the governmental activities, major fund, and the aggregate remaining fund information of the Nineteenth Judicial District Court - Judicial Expense Fund, a component unit of the City of Baton Rouge, Parish of East Baton Rouge, Louisiana, as of and for the year ended June 30, 2005, which collectively comprise the Nineteenth Judicial District Court - Judicial Expense Fund's basic financial statements and have issued our report thereon dated October 31, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Nineteenth Judicial District Court - Judicial Expense Fund's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect the Nineteenth Judicial District Court - Judicial Expense Fund's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings as item 05-1.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions described above is a material weakness.

Continued

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Nineteenth Judicial District Court - Judicial Expense Fund's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the management and governing body of the Nineteenth Judicial District Court - Judicial Expense Fund, the City of Baton Rouge and Parish of East Baton Rouge, Louisiana, and the Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana R.S. 24:513, this report is distributed by the Legislative Auditor as a public document.

A handwritten signature in black ink, reading "L. A. Champagne & Co, LLP". The signature is written in a cursive, flowing style.

October 31, 2005

**NINETEENTH JUDICIAL DISTRICT COURT –
JUDICIAL EXPENSE FUND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**
Year Ended June 30, 2005

A: SUMMARY OF AUDIT RESULTS

1. The auditor expresses an unqualified opinion on the financial statements of Nineteenth Judicial District Court – Judicial Expense Fund.
2. One reportable condition disclosed during the audit of the financial statements of the Nineteenth Judicial District Court – Judicial Expense Fund is reported in the “Independent Auditor’s Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.” This reportable condition is not considered to be a material weakness.
3. No instances of noncompliance material to the financial statements of the Nineteenth Judicial District Court – Judicial Expense Fund were disclosed during the audit.
4. Not applicable.
5. Not applicable.
6. Not applicable.
7. Not applicable.
8. Not applicable.
9. Not applicable.
10. A management letter was not issued in conjunction with this engagement.

B. FINDINGS – FINANCIAL STATEMENT AUDIT

05-1. Control of Drug Court Cash Receipts

Criteria – All cash funds received by Drug Court personnel should be properly safeguarded and deposited promptly in the Court’s operating account.

Condition – Program fees collected on September 9, 2004 totaling \$940.00 were not deposited in the Court’s operating account. The assistant Drug Court Coordinator noticed that she did not receive a copy of the deposit slip for these collections. The Drug Court clerk said she left the deposit with the Judicial Administrator’s staff. The staff did not recall receiving a deposit of

Drug Court program fees and none was found in the safe.

Effect – The Court did not have program fees to pay for the drug treatment provided.

Cause – The deposit was misplaced and has not been located.

Recommendation – The Judicial Administrator's staff should sign off on the receipt from the Drug Court clerk acknowledging the receipt of these collections.



NINETEENTH JUDICIAL DISTRICT

EAST BATON ROUGE PARISH
BATON ROUGE, LOUISIANA

Jo BRUCE
JUDICIAL ADMINISTRATOR

TELEPHONE: (225) 389-4744
FAX: (225) 389-4774
222 ST. LOUIS STREET, SUITE 733

December 8, 2005

The Nineteenth Judicial District Court – Judicial Expense Fund respectfully submits the following corrective action plan for the year ended June 30, 2005.

Name and address of independent public accounting firm:

L. A. Champagne and Co., LLP
4911 Bennington Avenue
Baton Rouge, LA 70808

Audit period: Year ended June 30, 2005

The findings from the 2005 schedule of findings are discussed below. The findings are numbered consistently with the numbers assigned to the schedule.

05-1. Control of Drug Court Cash Receipts

Condition: Program fees collected on September 9, 2004 totaling \$940.00 were not deposited in the Court's operating account. The assistant Drug Court Coordinator noticed that she did not receive a copy of the deposit slip for these collections. The Drug Court clerk said she left the deposit with the Judicial Administrator's staff. The staff did not recall receiving a deposit of Drug Court program fees and none was found in the safe.

Action Taken: In late June of 2005, all Drug Court fees and fines, including program fees, are being collected with the East Baton Rouge Sheriff's office. A receipt is issued and brought to the drug lab as proof of payment. No fee collection occurs in the drug lab.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Jo Bruce".

Jo Bruce, Judicial Administrator

**NINETEENTH JUDICIAL DISTRICT COURT –
JUDICIAL EXPENSE FUND
SCHEDULE OF CORRECTIVE ACTION TAKEN
ON PRIOR YEAR FINDINGS**

Year Ended June 30, 2005

04-1. Reimbursement of Travel Expenses

Condition: In 2004, a duplicate reimbursement totaling \$456.08 was made to Court personnel.

Action Taken: The amount was repaid to the Court when the person was notified. Additionally, the Court now reviews payments made to personnel to prevent duplication, and no duplicate payments were noted during the current audit.

